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United Nations Industrial Development Organization

Industrial Development Board

Eleventh session

SUMMARY RECORD OF THE 7th MEETING

Held at the Vienna International Centre, Vienna,
on Thursday, 1 July 1993, at 3 p.m.

President: Mrs. MACHADO QUINTELLA (Brazil)

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The meeting was called to order at 3.15 p.m.

UNIDO POLICIES (continued) (IDB.11/27)

MEDIUM-TERM PLAN, 1994-1999 (continued) (IDB.11/27, IDB.11/28)

ORGANIZATIONAL AND STAFF STRUCTURE OF UNIDO (continued) (IDB.11/25; IDB.11/CRP.4)

NEW CONCEPTS AND APPROACHES FOR COOPERATION IN INDUSTRIAL DEVELOPMENT IN CONFORMITY WITH ARTICLE 2 (C) OF THE CONSTITUTION (continued) (IDB.11/13)

1. Mr. HART (Observer for Australia) said that the documents before the Board revealed a basic agreement on the crisis faced by the Organization and the need for significant change to enable UNIDO to retain its place as a major agency of the United Nations system. The consultations conducted by Mr. Balazs had sought to mobilize the will of the membership to face up to the current difficulties facing the Organization, but the limited results of the consultation process reflected the limited willingness of Governments to state their preferences for the future of the Organization in detail.

2. The arrangement of the ideas in the progress report of the Director-General's Task Force on Priorities and Structural Reform of UNIDO (IDB.11/CRP.4) provided a very useful starting-point for an analysis of the challenge and the required response, although the subsequent steps, also alluded to, were both the most important and the most difficult. The Task Force would need to apply the priority principle to the framework of key themes and objectives sketched in

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paragraphs 4-14 of the report. Regarding the objectives developed in paragraphs 8-14, his delegation would give priority to four of them. The first was the promotion of self-sustained industrial growth discussed in paragraph 8, including an emphasis on the private sector and the need to provide advisory services for the creation of an enabling policy framework and the building of institutional capacities. The second was the development of human resources for industry, as discussed in paragraph 10. The third was set out in paragraph 11, concerning an active contribution to environmentally sustainable industrial development. The final priority objective was the fostering of international economic industrial cooperation, with particular emphasis on the mobilization of financial, technical and other resources, bearing in mind the critical role of investment and technological transfer.

3. His delegation urged the Director-General to be bold and forward-looking. Although it was natural for the Secretariat to seek guidance and support from the membership in developing proposals, the Director-General would have done his duty if he offered the membership a clear and coherent vision for the future, encompassing a clear statement on future priorities. If the membership dissented, then it would have to reach a consensus on an alternative view. His delegation associated itself with the statement made by the representative of Denmark at the 6th meeting, and looked forward to receiving the Director-General's proposals in due course.

4. Whatever the future direction and priorities of UNIDO, the current five-department structure was unsatisfactory. It did not clearly define functions and responsibilities and encouraged internal competition rather than synergy. The five-department structure was the result of short-sighted intergovernmental decision-making and was not of the Secretariat's doing. Details of structure were matters for the management of the Organization and not for the Board. In general, his delegation would prefer fewer departments with a clearer focus of responsibility. The new structure should clearly meet the needs of the Organization in management and organizational terms and reflect the economic circumstances confronting the Organization.

5. His delegation wished to associate itself with the views of other delegations that had already spoken on the importance of women's issues and the role of women in industrial development in the context of the new UNIDO.

6. Mr. GLADILOV (Russian Federation) said that all Member States acknowledged the need to adapt UNIDO's activities and to focus its efforts on the highest priorities and on those universal spheres where its potential could be useful. The five main priority areas, the three general elements of industrial development and the six basic programme resources set out in the draft medium-term plan were, in their scope and content, a good basis for identifying the comparative advantages and relative priorities upon which UNIDO should focus its attention in the future.

7. He shared the view that UNIDO's Country Director programme was an important element in the Organization's field work. In view of the new relationships that now existed, the Secretariat and the Member States might give consideration to the role of Country Directors in the near future, and in particular to the possibility of pooling a number of countries in one region and appointing one regional director if additional extrabudgetary resources were not forthcoming. The problem of saving resources and seeking additional financing opportunities could be resolved if it were decided that the representations of all international organizations in countries should be brought together under one roof.

8. Industrial investment promotion was of particular topicality and importance both for the developing countries and for countries with economies in transition. In the view of his delegation, special attention should be given to the restructuring and modernization of production, and also to industrial planning in conditions of marketization.

9. His delegation commended the Secretariat's work in implementing the agreed new concepts and approaches, especially the promising work in the field of new materials, and in particular their application in aerospace technologies, genetic engineering and biotechnology. That was a very promising area from the point of view of attracting external extrabudgetary financing. On the whole, his delegation supported the new concepts and approaches proposed in document IDB.11/13, and was ready for consultations on them.

10. UNIDO's initiative in seeking new mechanisms for industrial financing merited particular attention. The proposal to set up within the Secretariat a group of experts capable of ensuring the promotion of new industrial financing mechanisms was welcome, but in general any discussion of matters related to the restructuring of the Secretariat should be undertaken on the basis of the agreed new approaches and concepts.

11. He wished to propose the inclusion among the new activities of UNIDO of work on the appraisal of the industrial aspects of privatization and restructuring, as well as on the development of the private sector, and on expanding activities in the areas of attracting investment and the development of small- and medium-scale enterprises. A large number of countries now had economies in transition, and their interests should not be overlooked. The relevant units within UNIDO should be strengthened in terms of staffing and finance. Consideration should be given to the idea that each deputy director-general should also head one of the divisions in his department.

12. He agreed with the view that there was a need for interaction with international financing agencies, including the World Bank, the European Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, and he supported the proposal that a special unit be set up for that purpose.

13. As for the reports of the President of the tenth session of the Board and of the Task Force set up by the Director-General, they had, unfortunately, been received too late to be studied properly. He would be looking forward to hearing more specific proposals from the Task Force.

14. The Organization was still only at the beginning of its path towards working out a clear-cut structure on the basis of criteria which were still to be defined. His delegation urged UNIDO to participate more actively in current efforts to achieve effective coordination in the

socio-economic sector of the United Nations system with the purpose of avoiding duplication and ensuring rational use of resources.

15. UNIDO was an international intergovernmental organization, and his delegation considered it important to preserve the political balance within the Organization. The principle of fair distribution of leading posts among the regional groups should continue to be observed.

16. Mr. BADR (Observer for Yemen) said his delegation hoped that the Director-General would present comprehensive proposals on the subject of human resource development at the proposed resumed session of the Board. The provisions of the Constitution remained in force and the basic objectives for which the Organization had been established should be observed. Its task was to help the developing countries to accelerate their industrial development and to benefit from the achievements of the industrialized countries in that field within a framework of international cooperation. He welcomed the idea of ascertaining the needs of the developing countries in order to draw up programmes. The Task Force should seek the most effective means of doing so. Otherwise, restructuring would have a weak foundation and would not reflect reality. Particular attention should be paid to the needs of the least developed countries. The needs of the developing countries differed from country to country, and indeed there were differences in level of development within individual countries. The Task Force should therefore avoid repeating the past mistake of prescribing a single remedy for all ills. His delegation believed that the medium-term plan provided a sound general framework for priorities.

17. Mr. BARRY (Guinea) said that, in the light of the extensive and rapid political and economic changes occurring in different regions of the world, the Director-General was taking appropriate steps to reform the programme and structure of UNIDO, with a view to making the Organization more flexible and effective in accomplishing its main task under the Constitution, namely the promotion of industrial development in the developing countries. He was sure that the priorities of Africa with regard to industrial development, as set out by the the eleventh meeting of the Conference of African Ministers of Industry, would be taken into account.

18. His delegation supported the Director-General's initiatives. It was convinced of the need and urgency of re-examining the organization, structure and staffing of UNIDO so that they might be improved and reinforced to permit an effective response to the accelerated industrialization needs of the developing countries, particularly in Africa, a continent with many of the least developed countries. His delegation hoped that, among the three deputy directors-general to head the three departments proposed by the Conference of African Ministers of Industry in connection with the restructuring of UNIDO, one deputy director-general post, at the head of an important substantive department, would be reserved for Africa.

19. His delegation also hoped that the services dealing specifically with the Second Industrial Development Decade for Africa and the least developed countries would be strengthened and provided with greater human and material resources, notably through the redeployment of internal resources.

20. His delegation hoped that the steps taken by the Director-General to reform the programme and structures of UNIDO would also increase the utilization of expertise existing in developing countries and permit improved cooperation with the local private sector to enable it to play a greater role in the process of industrial development in the countries concerned.

21. His delegation supported the initiatives taken by UNIDO in that area at the meeting of the Conference of African Ministers of Industry and at the Subregional Meeting on the Promotion of Industrial Cooperation in Western Africa recently held at Abidjan.

22. His delegation did not think it would be possible to give precise indications regarding the restructuring of UNIDO during the present week and suggested that the session be resumed when consultations were completed.

23. Mr. ARCILLA (Philippines) said that it was gratifying to note that Member States had maintained their interest in defining the relative priorities of UNIDO and that progress had been made.

24. Although no concrete results had yet been achieved, the consultations under the able leadership of Mr. Balazs, President of the tenth session of the Board, had clearly indicated the various positions of the Member States. Mr. Balazs's report (IDB.11/28) indicated the key issues of significance to Member States and brought out the areas of diversity; it provided a solid basis for finalizing a concrete proposal and programme of action for a new UNIDO. His delegation wished to highlight its particular interest in and support for the guidelines for establishing priorities outlined in paragraph 26. In implementing those guidelines, it was suggested that the practice of setting annual priority themes, as in other organizations, might be adopted to resolve different preferences in regard to priorities. Both the substantive objectives and the programme instruments defined in the report should form part of the fundamental elements of the final decision on the reform of UNIDO.

25. With regard to the target levels for UNIDO's interventions, the three levels of government, institutional framework and enterprise were organically linked and should continue to be the main channels for UNIDO's services in an integrated fashion.

26. UNIDO had a unique role in the industrialization of developing countries and every opportunity to strengthen the Organization should be seized. Its statutory objectives and purposes remained valid. What was required was to sharpen the focus of its activities and to set up the appropriate machinery that could best deliver the differentiated services desired on a country- or region-specific basis.

27. His delegation did not favour rigid retention of a political structure that would not serve the functions of the Organization. UNIDO should be restructured in accordance with the new functions envisaged for it.

28. His delegation recognized the genuine attempt being made by the Director-General and the Secretariat to assist Member States in the endeavour to reform the Organization. It welcomed

the progress report in document IDB.11/CRP.4 and shared the views expressed therein, particularly as far as the six objectives were concerned. The primary objective of promoting self-sustained industrial growth merited unqualified support. His delegation looked forward to the completion of the Director-General's work and hoped that the broad concepts formulated in the first stage could be crystallized into specific proposals, including a new structure for the Organization.

29. His delegation joined others in the hope that the Yaoundé Conference would see the foundation of a new and revitalized UNIDO.

30. Mr. ONSY (Egypt) said that his delegation had taken part in all the consultations on priorities and structural reform of UNIDO. There appeared to be agreement on the objectives and foundations of those consultations. The aim of restructuring was to enhance the effectiveness of the Organization while maintaining its original objectives, to make the Organization more flexible and to streamline and adapt its procedures to changing world conditions. Structural reform had necessarily to respond to the priorities set, providing a logical basis for future activities. The setting of priorities should be guided by the needs of the Member States, not by the capabilities of the Organization in particular areas. The reforms should be aimed at strengthening the Organization's capacity and giving it the flexibility to adapt itself to the changing requirements of the Member States. Activities should be evaluated in depth so that shortcomings could be remedied. That was also one of the main goals of structural reform.

31. Mr. CHO (Republic of Korea) said that his delegation noted with appreciation the Director-General's reports on efforts to develop a future policy framework for UNIDO and to restructure the Organization. It particularly welcomed the establishment of the Task Force on Priorities and Structural Reform of UNIDO and the progress report in document IDB.11/CRP.4. In the light of the changing environment facing UNIDO today, his delegation strongly hoped that the Director-General's three-pronged strategy approach could proceed more expeditiously and produce a fruitful outcome in identifying the changing role of UNIDO and effecting reforms in the organizational and staff structure. The ultimate aim of restoring the relevance of the Organization to all Member States and radically increasing its efficiency should be fully taken into account. His delegation encouraged the Director-General to complete the ongoing exercise at the earliest possible date and submit concrete proposals to Member States for their consideration. It was to be hoped that a decision could be taken on a broad consensual basis at the fifth session of the General Conference.

32. His delegation commended Mr. Balazs on the way he had conducted the informal consultations called for by the Board in decision IDB.10/Dec.8. The findings summarized in document IDB.11/28 would constitute an important input for establishing UNIDO's future role. His delegation urged the Director-General and the Task Force to reflect those findings in their ongoing exercise, particularly the guidelines for establishing priorities contained in paragraph 26.

33. His delegation wished to reiterate its continued support for the restructuring of UNIDO. Considering the emerging challenges in the changing world and the requirements of Member States and of developing countries in particular, the reform of the organizational and staff structure was urgent. It was essential for UNIDO to survive as a viable institution. His delegation hoped that the discussions on the structure of UNIDO could be finalized as soon as possible, so that UNIDO could be revitalized to effectively meet new challenges and requirements with enhanced operational efficiency and the restored confidence of all Member States.

34. His delegation hoped that, in the process of reform, account could be taken of the following objectives: promotion of efficiency and avoidance of duplication of functions; successful response to the changing world situation, with a focus on the newly defined priorities within the framework of the medium-term plan, 1994-1999; enhancement of the quality of services by rationalization of in-house work. Any decision on structural reform should be based on a broad consensus in order to be more effective.

35. His delegation supported the idea of a structure with three departments and three deputy directors-general. It hoped that the new Secretariat with its reformed structure could begin work on 1 January 1994. It supported the idea of a resumed session of the Board in October, to provide an opportunity for intensive discussion of the issue with the benefit of input from the Task Force. It hoped that, at the resumed session, Member States would reach a consensus and prepare a solid proposal for submission to the General Conference.

36. Mr. BALAZS (Hungary), President of the tenth session of the Board, said that the informal consultations had started three months earlier with a great deal of goodwill on the part of the Member States, but there had been no consensus, and it had ultimately not been possible to produce a consensus document. Although he had not achieved his personal objective, the mandate given by the Board had been discharged. He thought that it was time to choose a model for UNIDO. There were perhaps two extreme models: some Member States felt that UNIDO should be a means of channelling aid to developing countries, whereas others wanted an intellectual and technical centre to respond to Member States' demands. He felt that there was no need for such a stark choice: the priorities proposed in the report could be used to adapt UNIDO's services to Member States' needs, depending on their degree of economic development. There were various possible responses. In his view, it was very important for Member States to reach a consensus. There was also a need for understanding between the Vienna-based missions involved in the consultations and their Governments. He had wanted Governments to read the report and take a position, not leaving everything to the current session. Thirdly, there was a need for understanding between the Member States and the Secretariat. A dialogue had begun and should be allowed to continue. A final decision must then be taken at the General Conference session.

37. Mr. DE MARIA Y CAMPOS (Director-General), replying to points raised, said that all speakers had stressed the need for change and reform, but none had said that the task would be easy, and many had pointed to the difficulty of meeting diverse regional and country requirements while at the same time ensuring effective and efficient management. It had been recognized that

establishing priorities and goals at the outset would help bring about a structure that was transparent, flexible, pragmatic and responsive to the changing needs of its clients.

38. Competitiveness was a key to the Organization's success, and its activities would be examined closely in relation to those of other agencies. Performance must be regularly monitored to ensure that UNIDO effectively addressed the industrialization requirements of its client countries. The Secretariat would endeavour to strike a balance between the many suggestions received, in view of the limited resources available. The problems were clear, and a broad range of solutions had been proposed. The Task Force would be working hard in the coming weeks to finalize its conclusions. He would also welcome any kind of effort to arrive at an informal consensus among Member States. The idea of resuming the session of the Board later was a good one, and he would do his best to have a concrete proposal for a resumed session.

39. Mr. WOTAVA (Austria), supported by Mr. HART (Observer for Australia), said he was very satisfied with the establishment of the Task Force, although its membership was perhaps too large. However, it was important not to expect too much from the Member States; they were now waiting to hear what the Secretariat, and the Director-General in particular, would propose on the basis of the Task Force's work. There was little time before the fifth session of the General Conference where the final decision would be taken.

GUIDELINES FOR SPECIAL TRUST FUND PROJECTS (IDB.11/19)

40. The PRESIDENT recalled that the General Conference, in its resolution GC.4/Res.28, while approving the guidelines for the development, appraisal, approval and implementation of special trust fund projects, had requested the Director-General to prepare some additions to them for submission to the Board, and that the Board, at its tenth session, had addressed further requests to the Director-General (decision IDB.10/Dec.14). In response to those requests, the Board had before it a report by the Director-General on changes in procedures for development and appraisal for special trust fund projects, which was contained in document IDB.11/19.

41. Mr. BEHRENS (Deputy Director-General, Department for Programme and Project Development), introducing the agenda item, said that the changes made in procedures were reflected in the revised administrative instructions for the development, appraisal, approval and implementation of special trust fund projects, contained in the Director-General's Bulletin UNIDO/DG/B.73/Rev.2 of 1 June 1993. The Board might wish to consider recommending to the General Conference the approval of the additions to the guidelines proposed in paragraphs 11 (a) and (b) of document IDB.10/15, aimed at emphasizing that the developmental aspects would be the leading principles for accepting special trust fund projects and that the appraisal criteria for such projects, as with all other UNIDO projects, would give due consideration to their relevance, cost-effectiveness and sustainability.

42. Mr. GRISHAEV (Russian Federation) noted the growing significance of the special trust fund system, which was particularly important in the light of the changed relations with UNDP. He commended the results of the Secretariat's efforts to implement General Conference resolution GC.4/Res.28 and Board decision IDB.10/Dec.14. He had noted the information contained in paragraph 3 of document IDB.11/19 concerning amendments to the Director-General's Bulletin UNIDO/DG/B.73/Rev.1; the amendments were in line with the decisions mentioned and took into account the need for transparency and a uniform approach.

43. His delegation did not in principle object to the suggestion in paragraph 4 of document IDB.11/19 regarding the delegation of authority for project approval, but it would require a change to paragraph 7 of General Conference resolution GC.4/Res.28 which made the approval of such projects by the Director-General mandatory, and it would also be necessary to change financial regulation 106.1.

44. He noted with satisfaction that, unlike the proposals submitted by the Secretariat to the Board at its tenth session in document IDB.10/15, the suggested improvements did not require the allocation of additional resources. His delegation had no objection to the additions to the guidelines proposed in subparagraphs (a) and (b) of paragraph 11 in document IDB.10/15.

45. Mr. VELAZQUEZ (Peru) welcomed the Director-General's report on changes in procedures for development and appraisal of special trust fund projects contained in document IDB.11/19, which represented a step forward in response to the request made by the Board at its previous session. Special trust funds were one of the pillars of UNIDO's participation in industrial development, and the guidelines and procedures concerned should be sufficiently flexible to meet the requirements of individual regions, countries and markets.

46. The Secretariat should continue its efforts to accelerate the process of industrial restructuring, while continuing to seek greater efficiency and effectiveness in meeting the needs of industrial enterprises in the developing countries. It should also intensify its cooperation with development finance institutions at the international, regional and national levels, in order to facilitate and improve the implementation of industrial development programmes financed by development banks.

47. Mr. WANG Zhixi (China) said that the Secretariat and the Member States should expand cooperation in the growth area of special trust fund projects, and flexibility should be maintained in their implementation. His delegation hoped that the Board would recommend to the General Conference approval of the additions to the guidelines proposed in paragraphs 11 (a) and (b) of document IDB.10/15 in the context of the amendments to the Director-General's Bulletin UNIDO/DG/B.73/Rev.1. Finally, he wished to inform the Board that the Government of China had decided to contribute US$ 400,000 to the Industrial Development Fund in 1993.

48. Ms. IMIANVAN (Nigeria) noted with satisfaction the information provided in the documents before the Board and the growing interest of both public and private enterprises in cooperating with UNIDO through third-party or self-financed trust fund arrangements, and welcomed the increase both in the total value of project budgets approved for

implementation in 1992 under special trust fund schemes and in expenditure on technical cooperation activities. Nigeria was pleased to have been one of the beneficiaries of the scheme. The high ratio of self-financed to third-party financed projects reflected a positive measure of confidence of developing countries in UNIDO which had continued to use the scheme to mobilize resources for the provision of services, not only to government establishments but increasingly to private industrial enterprises. She endorsed the proposed additions to the guidelines in the context of the amendments to the relevant Director-General's Bulletin.

49. Mr. TALIANI (Italy) said he endorsed the proposed revision of document IDB.10/15 and the additions to the guidelines for special trust fund projects, but stressed that maximum flexibility should be maintained in the utilization of special trust funds, which might well become one of the Organization's main tools for funding technical assistance in the future.

50. Mr. RAMIREZ LANDAZURI (Ecuador) said, by way of general comment, that UNIDO's role must be seen in the light of the far-reaching economic and political changes in the world today, the international economic crisis affecting the developing countries more particularly, and the process of liberalization currently under way in many developing countries, including his own. Those considerations called for a new approach on the part of UNIDO within its restructuring process, which would be decisive in enabling countries, especially developing countries, to expand and improve their industrial base.

51. Priority should be given to the transfer and appropriate use of advanced technology, advice on legislation, the revitalization and rehabilitation of industrial subsectors, and national strategies and priorities dovetailing with UNIDO's priority objectives. Efforts to obtain financial resources should continue and all necessary steps should be taken to expedite the conclusion of projects involving funds from the recipient countries themselves. Ecuador had recently concluded an innovative technical assistance project of that kind with UNIDO, for the rehabilitation of a large company of which the State was the majority shareholder. Other similar ways might be found of increasing UNIDO's financial capacity, sensitizing international financial institutions and donors, and meeting the urgent needs of the developing countries. In conclusion, an increase in special trust funds was necessary, as was a certain degree of flexibility. The proposed revision of the relevant bulletin was satisfactory.

52. Mr. BEHRENS (Deputy Director-General, Department for Programme and Project Development) said that, with the revisions proposed to the relevant Director-General's Bulletin and the positive reactions from Member States as reflected in their statements, work on developing new procedures for the development and appraisal of special trust fund projects was nearing a successful conclusion. The programme, which, as had been pointed out, was becoming one of UNIDO's main tools for funding technical assistance, now had the potential for further development. Account would be taken of the statement by the Russian Federation and of the need for flexibility urged by several speakers.

PERSONNEL MATTERS (IDB.11/30):

(a) UNIDO STAFF PENSION COMMITTEE FOR 1994-1995 (IDB.11/9)

(b) WOMEN IN THE SECRETARIAT (IDB.11/10, chap. VII.A, IDB.11/11, chap. XVII)

53. Mr. SZABO (Hungary), referring to sub-item (a), said that, since Mr. Zador would not be available for a new term of office after 1993, his delegation wished to recommend Mr. Stephen Szivós for membership of the UNIDO Staff Pension Committee for the 1994-1995 biennium.

54. The PRESIDENT said that due note had been taken of that nomination.

55. Ms. WIIG (Norway) asked whether there would be an oral statement by a representative of the Staff Council, as in the past.

56. The PRESIDENT said it was her understanding that, given the time constraints and the submission of a statement by the Staff Council as a Board document (IDB.11/30), there would be no oral presentation at the current session.

57. Ms. WIIG (Norway) said she would not insist on an oral presentation, but wished to draw Board members' attention to the document containing the statement of the staff of UNIDO.

ADMINISTRATIVE MATTERS: JOINT INSPECTION UNIT (IDB.11/12)

58. The PRESIDENT proposed that, if there were no comments, the Board should take note of the information provided in the note of the Secretariat in document IDB.11/12.

59. It was so decided.

PREPARATORY ARRANGEMENTS FOR THE FIFTH SESSION OF THE GENERAL CONFERENCE (IDB.11/26)

60. Mr. ALEXANDRENNE (Deputy Director-General, Department of External Relations, Public Information, Language and Documentation Services) said that the forthcoming session of the General Conference, to be held at Yaoundé, Cameroon, was a particularly important event and provided an opportunity to lay the foundations for a new UNIDO and for renewed international cooperation in the field of industrial development.

61. He drew attention to the annotated tentative provisional agenda of the fifth session, annexed to document IDB.11/26, and in particular to the proposed addition of a subparagraph (iii) entitled "Special trust funds" to agenda item 9 (a).

62. In planning the schedule of work, as in the past, account should be taken of the time required in plenary for the general debate and for possible voting on some items. In the past, statements in the general debate had been limited to seven minutes. As at previous sessions, the Board might wish to recommend the establishment of a main committee or similar procedure for the fifth session, keeping in mind that the possibility of creating additional committees was limited by the resources available. Concerning the organization of the debates, all substantive items should be considered together in the general debate. Those

items would also be referred to the main committee for a debate aimed at the preparation of consensus draft decisions and resolutions for submission to the plenary.

63. The work of previous sessions had been greatly facilitated by the setting up of an informal contact group for the preparation of the Conference. The contact group, composed of representatives of permanent missions to UNIDO in Vienna, would meet regularly before the Conference to prepare draft decisions and consider organizational matters.

64. The recent meeting of the Conference of African Ministers of Industry in Mauritius had agreed on a common position on certain items on the agenda of the fifth session of the General Conference. Similar activities might usefully be organized in other regions.

65. The Task Force established in the UNIDO Secretariat in January 1993 to assist in the preparations of the Conference had met on several occasions and had submitted recommendations on a number of subjects. One of the recommendations concerned contacts with the host country. He had led a mission to Yaoundé in June to discuss with the authorities of Cameroon arrangements for the fifth session. On 15 June 1993, a presidential decree had been passed establishing a "UNIDO Commission" responsible for coordinating all arrangements to ensure the smooth running of the Conference. The UNIDO delegation had taken part in the first meeting of the Commission. The delegation had been received at the highest level of government. It had established contacts with several hotels and had visited the conference centre (Palais des Congrès). Three main questions had been discussed with the authorities, namely the Government's financial obligations, to be met by 28 June 1993, questions concerning the security of property and persons during the Conference, and the reliability of the conference facilities and accommodation arrangements.

66. The authorities had provided assurances that sums owed would be transferred to UNIDO's account before 28 June 1993, despite the country's financial difficulties. They had confirmed that, in conformity with the agreement signed between the parties, measures would be adopted in good time to ensure the security of property and persons taking part in the Conference. The director of the conference centre had been informed of changes needed and arrangements that should be made in regard to equipment. The Ministry of Communication had taken due note of the additional telephone lines that must be installed, and it would do what was necessary.

67. Hotel accommodation was available for those attending the session. The delegation had reminded members of the UNIDO Commission of the need for the host country to draft a brochure in two or three languages describing facilities, hotels, etc. The brochure should be issued in July 1993 for advance distribution to participants, and UNIDO could assist in distribution. The delegation had also stressed the Government's responsibility with regard to logistical support, transport and provision of the necessary local staff, the job descriptions of which had been given to the Government. The delegation had proposed to members of the Commission that in September 1993 another mission be sent to check on the progress made in preparations for the General Conference, and that proposal had been accepted.

68. Turning to another of the Task Force's recommendations, concerning a symposium on the industrialization of the least developed countries (IDB.11/26, para. 18 (b)), he said that the symposium should discuss the financing of the Industrial Action Programme for the Least Developed Countries.

69. The fifth session of the General Conference would be of historic importance, and there must be a thorough substantive discussion on industrial development and UNIDO's new role. In that context, the Board might wish to recommend that statements in plenary should focus on a number of important substantive items only, and that regional organizations define their position for the Conference in advance.

70. In addition to the executive summary of the Global Report, two substantive documents were being prepared for the Conference: on challenges and opportunities for the industrial development of developing countries and regions in the context of global economic changes and on challenges and alternatives for industrial development in Africa. A draft declaration was to be prepared in which UNIDO's new orientations, as well as its new functions, would be outlined. A programme for media coverage of the event had been worked out and was to be coordinated with the media in the host country.

71. The Board might wish to adopt the following practical measures: finalize the provisional agenda for the session on the basis of the draft contained in decision IDB.10/Dec.19; decide on the documentation to be prepared for the Conference on the basis of the information in the annex to document IDB.11/26; make recommendations to the Conference concerning the allocation of items to a main committee of the Conference and the limitation of the general debate to certain important themes; and recommend that an informal contact group be organized for the preparation of the session.

72. Mr. ELOUNDOU MANI (Cameroon) endorsed the statement made by the representative of Mauritius at the 5th meeting concerning the position of the African countries towards UNIDO. He reiterated his country's support for UNIDO, particularly for its commitment to promoting the development of the private sector and of small- and medium-scale industry and to assisting African countries in their privatization programme and in the revitalization of their industries.

73. The Director-General had spared no effort in preparing for the fifth session of the General Conference, in cooperation with the Government of Cameroon. He confirmed the information given by Mr. Alexandrenne in reporting on his mission to Cameroon. His Government was committed to ensuring the success of the General Conference session. The funds to be used for organizing the session had been allocated and a Commission had been set up to undertake preparations. Although the holding of the session would impose certain sacrifices on Cameroon, his country welcomed the confidence shown in it by the international community.

74. All Member States of UNIDO should make a special effort to assist in the rapid restructuring of the Organization. His Government supported the Director-General's proposal to make the Yaoundé Declaration the cornerstone of the new UNIDO. He hoped that all Member States would be represented in Cameroon in December. Arrangements

would be made to hold an industrial investment forum from 26 November to 3 December as a prelude to the Conference session.

MATTERS RELATED TO INTERGOVERNMENTAL, NON-GOVERNMENTAL, GOVERNMENTAL AND OTHER ORGANIZATIONS (IDB.11/16, IDB.11/18)

75. The PRESIDENT said that she had reviewed with her colleagues in the Bureau the applications from the three intergovernmental organizations that wished to enter into relationship agreements with UNIDO (IDB.11/18) and from the three non-governmental organizations that had applied for consultative status (IDB.11/16), and was recommending two draft decisions to the Board for adoption. The first would read:

"Intergovernmental organizations not in the United Nations system

"The Industrial Development Board:

"(a) Takes note of the information provided in document IDB.11/18;

"(b) Authorizes the Director-General, in accordance with Article 19.1 (a) of the Constitution of UNIDO and the guidelines for the relationship of UNIDO with intergovernmental, governmental, non-governmental and other organizations (General Conference decision GC.1/Dec.41, annex, para. 9) and based on the information contained in the annex to document IDB.11/18, to conclude appropriate relationship agreements with the following three intergovernmental organizations:

"Economic Cooperation Organization (ECO);

"Islamic Educational, Scientific and Cultural Organization (ISESCO);

"Latin American Integration Association (ALADI)."

76. The draft decision was adopted.

77. The PRESIDENT proposed a second draft decision, reading:

"Applications from non-governmental organizations for consultative status

"The Industrial Development Board:

"(a) Takes note of the information provided in document IDB.11/16;

"(b) Decides, in accordance with Article 19.1 (b) of the Constitution of UNIDO and the guidelines for the relationship of UNIDO with intergovernmental, governmental, non-governmental and other organizations (General Conference decision GC.1/Dec.41, annex, para. 17), to grant consultative status with UNIDO to the following three international non-governmental organizations:

"International Academy of Engineering (IAE)

"International Foundation for the Promotion of Privatization and Foreign Investments (FPI)

"Organization of Islamic Capitals and Cities (OICC)".

78. The draft decison was adopted.

79. Mr. FARAZI (Economic Cooperation Organization) said that ECO was an intergovernmental regional organization founded by the Islamic Republic of Iran, Pakistan and Turkey to provide for economic, technical and cultural cooperation among those countries. In 1992, ECO had been expanded to include Afghanistan, Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan and Uzbekistan.

80. The Organization consisted of a Ministerial Council, which was the principal policy- and decision-making organ, a Regional Planning Council, which developed programmes of action for realizing the Organization's objectives, and a Council of Deputies. Activities were carried out through eight technical committees which developed projects and programmes in the fields of industrial, technical, economic and commercial cooperation, transport and communication, agriculture, energy, infrastructure and public works, narcotics and educational, scientific and cultural matters.

81. Industrial collaboration was one of the principal objectives of the Treaty of Izmir, which served as the charter for the Organization. The aim was to promote the production and exchange of industrial goods through viable joint ventures. A start had already been made on liberalizing trade and creating financial institutions that would facilitate greater cooperation in the industrial field among the members of the Organization.

82. ECO was seeking to establish cooperative links with other organizations. It attached great importance to a mutually beneficial relationship with UNIDO, and welcomed the Board's decision to authorize cooperation with it. That decision augured well for the ECO region, which covered a huge land mass inhabited by nearly 300 million people.

83. Cooperation between ECO and UNIDO could be instituted in the areas of: exchange of documentation and information; attendance at meetings; assistance in feasibility studies on industrial projects in the ECO region; establishment of a data bank for information relating to industrial statistics, privatization, engineering consultants, contractors and research and development centres in ECO countries; promotion of standardization and quality assurance in ECO countries; and involvement in the UNIDO System of Consultations.

84. He hoped that close collaboration would be developed between ECO and UNIDO in the years to come.

85. Mrs. OK (Turkey) welcomed the inclusion of ECO among the intergovernmental organizations with relationship agreements with UNIDO. Turkey, as a founding member of ECO, considered that the cooperation between that body and UNIDO would contribute to the enhancement of economic cooperation among States in the ECO region.

86. Mr. ARASTOU (Islamic Republic of Iran) welcomed the decision on the conclusion of a relalationship agreement between UNIDO and ECO. Cooperation would certainly benefit the countries of the region.

87. Mr. HASHIMI (Pakistan) associated himself with what had been said by the representatives of Turkey and the Islamic Republic of Iran.

The meeting rose at 5.35 p.m.